GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:3609
ANSWERED ON:18.04.2005
PRIVATE SECTOR FOR SALE OF FARM PRODUCTS
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government proposes to permit private sector to set up markets for sale of farm products;

(b) if so, the time by which the laws are likely to be amended in this regard;

(c) the manner in which it is likely to prove beneficial for the small farmers; and

(d) the steps proposed to be taken to improve agriculture sector during the Tenth Five Year Plan?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a): Yes, Sir. Agriculture sector needs well-functioning markets to derive growth, employment and economic prosperity in rural areas of the country. State monopoly over agricultural markets has to be eased to facilitate greater participation of private sector and in particular to attract large investments required for the post harvest and cold chains infrastructure in the sector. State Governments have, therefore, been advised to suitably modify the laws dealing with agricultural marketing (APMC Act) to facilitate (a) development of competitive markets in private and cooperative sectors; (b) allow procurement of agricultural commodities directly from farmers` fields; and (c) to establish effective linkage between the farm production and the retail chain and food processing industries.

(b): All the States have in general agreed for bringing about proposed reforms in the Agricultural marketing sector. The States of Madhya Pradesh, Maharashtra, Karnataka, Uttar Pradesh and Punjab have already amended their APMC Act/Rules for promoting contract farming and direct marketing and/or for permitting private and cooperative investments etc. for setting up of agricultural markets.

The APMC Act of Tamil Nadu already provides for suggested reforms. The States of Andhra Pradesh, Himachal Pradesh, Haryana, Rajasthan, Orissa, Nagaland, Assam, Mizoram, Arunachal Pradesh, Tripura, Chhattishgarh, Meghalaya, Gujarat, Uttaranchal and J&K have also initiated action for requisite reforms.

(c): The aim of the reforms is to develop alternative competitive markets in private and cooperative sectors so as to provide freedom to farmer to sell his produce in the market providing better prices/services.

(d): Department has proposed to carry forward new interventions/new schemes along with on going programmes in the Annual Plan 2005-06, for which the Plan outlay has been enhanced considerably to Rs.4179.32 crore as against the RE outlay of Rs.2945.00 crore in 2004-05. The new package for the agriculture sector includes the National Horticulture Mission, Micro- irrigation, National Horticulture Mission on Bamboo, Enhancing sustainability of dry land/Rainfed Farming System and increased flow of Rural Credit. Initiatives under the Indian Council o f Agricultural Research relate to setting up a National Fund for Strategic Research and strengthening the KVK network to cover additional 100 districts. These are national initiative and will help States to increase agriculture production, marketing of farm produce, diversification, value addition and employment generation.